CAPITAL STRUCTURE AND PROFITABILITY ANALYSIS IN INDIAN STEEL INDUSTRY

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ABSTRACT

A very important reflection in financial decisions is to determine optimal level of capital structure, because it is a right choice and it can maximize shareholder’s wealth. Success or the failure of the business is dependent on this corporate financial decision. The poor management of capital structure will outcome in poor performance of a company, thus, the companies require to be supported by finance activities in order to meet their working capital requirements and investment activities in today’s business. The financial sources for companies are different; they can be supported by internal or external resources. However, it is the concern of financial managers to choose the right choice of finance to fund the business. Thus, many important factors should be taken into account when a company plans its capital structure. Owing to the fact that each country has its own meticulous situation of the business, the definite nature of industries and the regulatory system, the capital structure decision of firms can be influenced by the environment in which they operate. The paper also conclude that the in Indian steel companies the profitability depends upon the level of equity and Debt.

KEYWORDS: financial, business, capital structure, steel industry.

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